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Security Council Committee established pursuant to resolution 1718 (2006)

Letter dated 7 July 2017 from the Permanent Representative of Latvia to the United Nations addressed to the Chair of the Committee

I have the honour to submit to you in your capacity as the Chair of the Security Council Committee established pursuant to resolution 1718 (2006) the report of Latvia on the implementation of Security Council resolution 2321 (2016), as prepared by the competent national institutions in Latvia (see annex).

(*Signed*) Jānis **Mažeiks**
Ambassador
Permanent Representative

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Annex to the letter dated 7 July 2017 from the Permanent Representative of Latvia to the United Nations addressed to the Chair of the Committee

Report of Latvia on the implementation of Security Council resolution 2321 (2016)

Latvia and other States members of the European Union have jointly implemented the restrictive measures against the Democratic People's Republic of Korea imposed by the Security Council in resolution 2321 (2016) by taking the following common measures:[1]

(a) Council Decision (CFSP) 2016/2217 of 8 December 2016 amending Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea,[2] which implements the designation of additional persons and entities (travel ban and asset freeze);

(b) Commission Implementing Regulation (EU) 2016/2215 of 8 December 2016 amending Council Regulation (EC) No. 329/2007 concerning restrictive measures against the Democratic People's Republic of Korea;[3]

(c) Council Decision (CFSP) 2017/345 of 27 February 2017 amending Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea.[4]

Council Decision (CFSP) 2017/345 sets out the commitment of the European Union to the implementation of all the measures contained in resolution 2321 (2016) and provides the basis for specific accompanying measures taken by the European Union within the scope of the resolution, notably the following:

(a) Trade ban on the nuclear- and/or missile-usable items as listed in annex III to resolution 2321 (2016);

(b) Trade ban on items contained in the conventional arms dual-use list adopted by the sanctions committee pursuant to paragraph 7 of resolution 2321 (2016);

(c) Ban on all leasing or chartering of vessels or aircraft, and on the provision of crew services, to the Democratic People's Republic of Korea;

(d) Prohibition on registering vessels of the Democratic People's Republic of Korea, using that country's flag and owning, leasing, operating, providing vessel classification, certification or associated services to, or insuring a vessel flagged by, the Democratic People's Republic of Korea;

(e) Clarification that specialized teaching and training that could contribute to the proliferation of sensitive nuclear activities of the Democratic People's Republic of Korea or to that country's development of nuclear weapons delivery systems includes, but is not limited to, advanced materials science, advanced chemical engineering, advanced mechanical engineering, advanced electrical engineering and advanced industrial engineering;

(f) Suspension of scientific and technical cooperation involving persons or groups that are officially sponsored by or that represent the Democratic People's

[1] All common measures are published in the *Official Journal of the European Union*.
[2] *Official Journal of the European Union L 334*, 9 December 2016, p. 35.
[3] Ibid., 9 December 2016, p. 29.
[4] *Official Journal of the European Union L 50*, 28 February 2017, p. 59.

originating or destination States for disposal) items the supply, sale, transfer or export of which is prohibited under Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016) and 2321 (2016) and that are identified in inspections, in a manner that is not inconsistent with the obligations of Member States under applicable Council resolutions, including resolution 1540 (2004);

(s) The sanctions committee may grant exemptions to the aforementioned prohibitions on a case-by-case basis, including when it has determined that an exemption is necessary to facilitate the work of international and non-governmental organizations;

(t) Council Regulation (EU) No. 2017/330 of 27 February 2017 amending Regulation (EC) No. 329/2007, which concerns restrictive measures against the Democratic People's Republic of Korea,[5] gives effect to the measures provided in Council Decision (CFSP) 2017/345 of 27 February 2017.[6]

The above-mentioned Council regulations are binding in their entirety and directly applicable to all States members of the European Union.[7]

At the national level, the following texts provide the legal basis for the implementation of sanctions in Latvia:

(a) Law on International Sanctions and National Sanctions of the Republic of Latvia of 4 February 2016;

(b) Cabinet of Ministers Regulation No. 468 of 15 July 2016 on procedures for the execution of international and national sanctions.

With regard to violations of sanctions regimes, Council Regulation (EU) No. 329/2007 of 27 March 2007 requires member States to determine the penalties applicable to infringements of their provisions. The penalties determined by Latvia are set out in the Criminal Law of the Republic of Latvia of 17 June 1998. Article 84 of the Criminal Law provides for punishment for violations of the sanctions regimes established by international organizations. For example, for the intentional violation of the laws and regulations governing the sanctions imposed by the United Nations, the European Union and other international organizations, the applicable punishment is the deprivation of liberty for a period of up to four years, the temporary deprivation of liberty, community service or a fine. Furthermore, for the same acts, if committed by a group of persons according to a prior agreement, or committed by a public official, the applicable punishment is the deprivation of liberty for a period of up to eight years.

In respect of arms embargoes, Latvia has the following national legislation requiring an export authorization for the sale, supply, transfer or export of arms and related materiel to third countries and an authorization for the provision of brokering services and other services related to military activities, which, together with Council Decision (CFSP) 2016/849 of 27 May 2016,[8] provides the basis for the enforcement of the arms embargo against the Democratic People's Republic of Korea and the ban on related brokering services:

(a) Law on the Circulation of Goods of Strategic Significance of 21 June 2007;

[5] Ibid., p. 1.
[6] Ibid., p. 59.
[7] Council Regulation (EC) No. 539/2001 of 15 March 2001 does not apply to Ireland or the United Kingdom of Great Britain and Northern Ireland.
[8] *Official Journal of the European Union L 141*, 28 May 2016, p. 79.

(b) Cabinet of Ministers Regulation No. 657 of 20 July 2010 on the procedures for issuing or refusing to issue strategic goods licences and other documents relating to the circulation of strategic goods;

(c) Cabinet of Ministers Regulation No. 645 of 25 September 2007 on the regulation on the National List of Goods and Services;

(d) Cabinet of Ministers Regulation No. 331 of 8 May 2012 on the procedures for the issuance of a special permit (licence) for commercial activities with the goods referred to in the Common Military List of the European Union.

In accordance with the Law on the Circulation of Goods of Strategic Significance, the Committee for the Control of Goods of Strategic Significance, a national institution of Latvia, has been established. The Committee is entitled to cancel licences already issued and, thereafter, to not issue licences or international import certificates to entities for the circulation of goods of strategic significance.

With regard to financial restrictions, on 17 July 2008, Latvia adopted a law on the prevention of money-laundering and terrorism financing. The law establishes the Control Service, a State authority that exercises control over unusual and suspicious financial transactions and acquires, analyses and provides information to pretrial investigative institutions, the Prosecutor's Office and the courts. In addition, in accordance with the Law on International Sanctions and National Sanctions of the Republic of Latvia of 4 February 2016, the Financial and Capital Market Commission supervises the implementation of restrictions provided for in international or national sanctions regimes in relation to participants in the financial and capital market, including Latvian banks, credit unions, insurance companies and insurance brokerage companies, and participants in the financial instruments market and in private pension funds, payment institutions and electronic money institutions. The Commission is entitled to take the decisions necessary for the execution of sanctions, including decisions binding on the participants in the financial and capital market, regarding the freezing of financial resources. The Commission recently identified three Latvian banks that had not complied with the provisions of the regulatory framework regarding efforts to combat money-laundering and the financing of terrorism. The Commission conducted targeted inspections and carried out planned on-site inspections. It concluded that, on several occasions, several customers of those banks, making use of offshore companies and complicated chain transactions, had transferred the funds from their bank accounts to circumvent international sanctions requirements imposed against the Democratic People's Republic of Korea. Consequently, monetary fines were applied to the banks and an agreement was reached to improve the related internal control systems of the banks and to strengthen their effectiveness by enhancing information technology solutions and ensuring external testing.

With regard to restrictions on providing public financial support for trade with the Democratic People's Republic of Korea that could contribute to that country's weapons of mass destruction programmes, the issuance of export credit guarantees in Latvia is governed by Cabinet of Ministers Regulation No. 866 of 20 December 2016, on the regulation of short-term export credit guarantees for entrepreneurs and relevant agricultural services cooperative societies, and administrated by Altum. Altum is a State-owned development finance institution that offers State aid to target groups with the help of financial tools, such as credit guarantees. Altum is duly informed about the restrictive measures in force and takes the relevant provisions, including those concerning the Democratic People's Republic of Korea, into due account when decisions on financial support for trade are taken.

In respect of restrictions on admission (visa ban), Latvia has the following national legislation, which, together with Council Decision (CFSP) 2016/849 of

27 May 2016 and Regulation (EC) No. 539/2001 of 15 March 2001, provides the basis for the refusal of admission and the denial of requests for a visa:

(a) Immigration Law of 31 October 2002;

(b) Cabinet of Ministers Regulation No. 122 of 5 March 2013 on regulations regarding the register of returned foreigners and entry bans;

(c) Cabinet of Ministers Regulation No. 676 of 30 August 2011 on visa regulations.